C4725-2

Lawn & Garden Marketing

FEBRUARY 1986

Reports on: Expo seminar plans

'85 OPE shipments • Imports/Exports

The retailer's juggling act

- Image
- Margins
- Prices
- Turns
- Profits

Contents

Lawn&Garden Marketing

The merchandising magazine for lawn, garden and leisure living products.

FEBRUARY 1986 VOL. 25, No. 2 PUBLISHED 10 TIMES ANNUALLY

Page 6

Page 20

Page 44

FEATURES

The retailer's juggling act

Good retailers have learned the art of balancing the many factors weighing heavily on their successes. Understanding the variables in figuring margins and managing prices in relation to turns are just two of their many performances. . . . . **page 6**

Expo 86 plans

This year's Lawn, Garden & Outdoor Power Equipment Expo in Louisville boasts well-known speakers like Bruce Butterfield of the National Gardening Assn. and important seminar topics on subjects such as product liability. . . . . **page 16**

Retailers debate import dilemma

Respondents to an *LGM* survey on imports reveal some strong emotions about selling imports. Those who sell imported OPE cite quality and price as major factors. . . . . **page 20**

How one bank helps overseas sales

Union Bank's export trading company helps small U.S. manufacturers sell products overseas, which is one answer to the U.S. balance of trade problem. . . . . **page 39**

DEPARTMENTS

Editor's Notebook

New clues for '86 season. . . . . **page 4**

Questionnaire

How rewarding is your lawn and garden career? . . . . . **page 17**

In the News

Dates and plans for 1986 Hardware Show announced; Emhart purchase of True Temper finalized; and new president for Warp Brothers. . . . **page 30**

Green Scene

Applewood, Robin suit dismissed; Union Carbide makes Larvin, Cerone and Sevin available nationwide; and EPA approves Mobay ornamental insecticide. . . . . **page 42**

Marketing in Action

A West Coast packet printer develops unique seed packaging; Champion Spark Plug introduces a custom-tailored planogram for non-automotive spark plugs; and Gravely offers Frequent Buyers Program. . . . . **page 44**

Cover photo courtesy of *Microservice Management* magazine.

Power Equipment Report

Latest OPEI figures show 1985 OPE units up 3.9 percent; Briggs & Stratton hosts first Principal Component Supplier Conference to focus on excellence in quality and cost. . . . . **page 54**

Manufacturers' Literature

True Temper, FMC, Roper and others offer catalogs and brochures. . . . **page 56**

Distributor News . . . . . **page 58**

Calendar . . . . . **page 59**

New Products

Toro introduces new single-stage snowthrower with "curved rotor" system, non-clogging chute. . . . . **page 60**

MARCH:

- **Merchandising riders and walk-behinds**
- **Product liability**
- **1986 retailer advertising plans**
- **Social change and the lawn and garden industry**

Postmaster: Return form 3579 to Lawn & Garden Marketing, P.O. Box 12942, Overland Park, KS 66212-0930.

Copyright 1986 INTERTEC PUBLISHING CORP. All rights reserved.

Product Movement Report

Fall 1985

Although several product lines measured in the fall 1985 *Lawn & Garden Marketing* survey showed relatively steady sales, retailers indicated sales of grass seed, leaf blowers and snowthrowers were up compared to sales in the previous fall. Sales of chainsaws, on the other hand, were reported down by retailers.

The fall 1985 survey results were based on 339 responses from four categories of retailers: garden center, hardware/home center, multi-department store and power equipment. Respondents were asked to compare sales of nine product categories in fall 1985 to fall 1984. In this study, percentages of retailers indicating sales were up, down or the same, total the percentage of retailers carrying the product line. Percentages do not add up to 100 percent because not all retailers carry all product lines.

Nationally, retailers reported sales of bulbs, lawn fertilizer, indoor plants/pots and lawn tractors steady or slightly higher during the fall selling season compared to fall 1984. Retailers also said sales of garden tools were slightly down in the fall.

Leaf blowers and snowthrowers were the two categories making the most significant changes according to retailers. (See table.)

The only category in which significantly more retailers said sales were down than said they were up was chainsaws.

One aspect of chainsaw sales that may be considered favorable, however, is the median current inventory reported by retailers. In the 1985 fall survey, retailers reported a median current inventory of 16 units per store. In 1984, the median number of units was 18. This decrease could indicate retailers are making efforts to better control inventory and increase turnovers.

In the West retailers reported steady or increased sales in all nine product categories.

Retailers reported significant increases in sales of bulbs, grass seed and lawn fertilizer. The strongest sales were of grass seed. More than 28 percent of retailers said sales increased while an insignificant percentage said sales decreased. About 17 percent reported steady sales.

Retailers reported sales were nearly steady for sales of both garden tools and indoor plants/pots. About 15 percent of retailers said garden tool sales increased, and the same percentage said they decreased. For 41 percent sales were about the same. Almost 11 percent said sales of indoor plants/pots increased, and 13 percent said they decreased. Steady sales were reported by 15 percent.

Leaf blowers appeared to be strong sellers in the West with 28 percent of retailers reporting sales up. Only 7 percent said sales decreased, while 24 percent indicated level sales.

Snowthrowers also did very well. About 15 percent of retailers reported increased sales. Only 2 percent indicated sales decreased, and 9 percent said sales stayed steady.

Lawn tractors did reasonably well. About 13 percent said lawn tractor sales increased, almost 9 percent said they decreased, and 20 percent said sales were about the same.

About 26 percent of retailers reported increased chainsaw sales, and almost 20 percent reported decreased sales; 17 percent said sales were steady.

continued...

Fall product movement

(% of respondents)

	% carrying	% up	% same	% down
Leaf blowers	49.9	19.5	23.6	6.8
Chainsaws	57.2	13.6	24.5	19.1
Snowthrowers	38.9	18.0	15.6	5.3

Source: LGM fall 1985 survey
Based on 339 respondents indicating sales changes in each product category compared to fall 1984. Percentages do not add up to 100 percent because not all respondents carry all the product lines.

Figures tend to reflect this product's success at reaching the commercial market and attracting homeowners.

Large decreases in chainsaw sales in the North Central region weighed heavily on totals for the nation.

Late summer and early fall promotions rewarding buyers for pre-snow purchases appear to have pushed sales up overall.

Product movement
...continued

Sales in the South appeared to be somewhat better overall than sales nationally. Retailers in six of nine product categories indicated sales were up for fall 1985.

More than 17 percent of retailers said sales of bulbs increased, while 6 percent said they decreased. Sales for 18 percent of retailers were steady. For grass seed more than 12 percent reported sales up, while 8 percent reported them down; 24 percent said sales remained steady.

Lawn fertilizer also indicated better results than were reported nationally. Almost 22 percent of retailers said sales were up, and 7 percent said they were down. For almost 24 percent, sales stayed at 1984 levels.

Indoor plants/pots also gained with sales reported up by 10 percent of retailers and down by 4 percent. Sales were steady according to 24 percent.

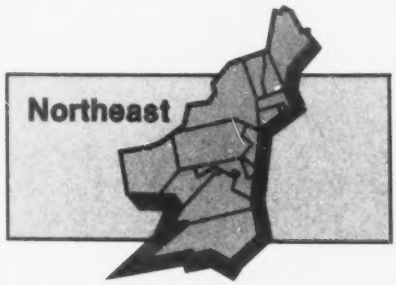
Lawn tractors showed a better than the national average trend with almost 15 percent reporting sales up and 10 percent reporting them down. Almost 21 percent showed sales about the same.

Leaf blowers also maintained a strong showing in the South with almost 18 percent reporting better sales. Only 4 percent indicated sales were down, and 30 percent said sales maintained an even level.

Only garden tools and chainsaws had more retailers reporting sales down than up in the South. Too few retailers carry snowthrowers to track a trend in that category.

For garden tools, 7 percent of retailers said sales were up, while more than 10 percent said they were down. About 39 percent showed sales to be steady.

Chainsaw sales appeared to be a little better than the national average with 11 percent saying sales were up. About 14 percent said sales were down; 32 percent indicated sales were about the same.



Overall, retailers in the Northeast reported better sales than did retailers nationally.

More retailers reported sales were up for bulbs, grass seed, lawn fertilizer and snowthrowers than reported them down. About 13 percent of retailers said bulb sales were up and the same percentage reported sales were about the same; 8 percent said sales were down.

About 24 percent said grass seed sales were up, and 20 percent said they were about the same with 8 percent reporting sales down.

While almost 27 percent of retailers said lawn fertilizer sales were the same, 17 percent reported them up. Almost 7 percent said they were down.

For snowthrowers 24 percent said sales were up, and the same percentage indicated they were the same; 9 percent said sales were down.

Retailers of garden tools, however, said sales were nearly steady with 11 percent indicating increased sales, 39 percent steady sales and 9 percent indicating decreased sales. Retailers of lawn tractors reported similar results with the same figures for increased and decreased sales, while 29 percent reported sales were steady.

Sales of indoor plants/pots were in line with national trends. About 9 percent said sales were up, and 4 percent said they were down. Almost 27 percent said sales were about the same.

Leaf blowers, according to retailers, showed higher sales, but the results in the Northeast were not as strong as the national figures. More than 17 percent of retailers said sales were up, while almost 11 percent said sales were down. About 15 percent said sales were steady.

Chainsaws continued slow sales, but the trend was closer to steady than it was nationally. More than 17 percent of retailers indicated higher sales, and the same percentage indicated steady sales, while 20 percent said sales were down.

Reports in the North Central for some categories showed the worst trends of any region, though some categories did show improvement.

Sales of bulbs appeared to be significantly down with 6 percent saying sales were up, 13 percent indicating sales were about the same and 11 percent reporting them down.

The same was true of indoor plants/pots. About 10 percent of retailers said sales were up while more than 14 percent reported them down. Almost 30 percent reported sales were about the same.

The worst sales figures were for chainsaws. Only a little more than 8 percent of retailers said sales of chainsaws were up while about 22 percent reported them down, and 26 percent reported sales steady.

Retailers also indicated sales of lawn tractors were slightly down. About 12 percent said sales increased, and almost 16 percent said sales decreased. More than 26 percent indicated sales were the same as the previous fall.

Sales of grass seed and lawn fertilizer were relatively steady showing only slight increases.

Two categories with significant increases were leaf blowers and snowthrowers. About 19 percent of retailers reported leaf blower sales were up, and only 7 percent said they were down. About 24 percent said sales were steady.

With almost 30 percent of retailers reporting sales increases, snowthrowers also showed a significant sales improvement. About 8 percent of retailers said sales decreased, while 23 percent reported sales were about the same.

Almost 10 percent of retailers said garden tool sales increased, while 14 percent said sales decreased. Almost 30 percent reported sales remained at the same level. This trend is similar to the steady sales trend indicated nationally.

—LGM

Power Equipment Report

OPE units up 3.9% in 1985

The 1985 OPEI industry estimates for shipments of key lawn and garden products registered moderate increases.

An overall increase of 3.9 percent was experienced over the previous model shipment year.

By product category, the most significant growth was for lawn tractors and riding mowers, which showed an increase of 5.5 percent over 1984 figures.

Shipments of front-engine riders increased 9.2 percent from 502,000 units in 1984 to 548,000 units in 1985. The FOB shipment value in this category increased 11 percent from $482 million in 1984 to $535 million in 1985.

Shipments of rear-engine riders increased by only 0.3 percent from 354,000 in 1984 to 355,000 in 1985. FOB shipment values for this category increased 3.2 percent from $278 million in 1984 to $287 million in 1985.

Because of a decrease in riding garden tractor unit shipments, the overall category of all riders (which includes front- and rear-engine lawn tractors/riding mowers and riding garden tractors) experienced only a small percentage change. With an increase in unit shipment of 1,008,000 in 1984 to 1,050,000 in 1985, the category increased 4.2 percent. FOB shipment values of all riders increased 5.0 percent with shipment values increasing from $1.07 billion in 1984 to $1.13 billion in 1985.

Walk-behind power mowers were also up showing an increase of 4.9 percent compared to 1984.

Two product categories registered decreases in 1985. Rotary tillers declined 9.3 percent and riding garden tractors reflected a decrease of 3.3 percent compared to 1984.

Key lawn and garden shipments – 1985 model year (estimated)

Product	Unit shipments 1985	Unit shipments 1984	% change	FOB shipment value (millions of $) 1985	FOB shipment value (millions of $) 1984	% change
Walk-behind power mowers	5,193,000	4,950,000	+ 4.9	$ 792	$ 742	+ 6.7
Lawn tractors/riding mowers	903,000	856,000	+ 5.5	822	760	+ 8.2
Riding garden tractors	147,000	152,000	– 3.3	303	311	– 2.6
Rotary tillers	362,000	399,000	– 9.3	181	197	– 8.1
	6,606,000	6,357,000	+ 3.9	$2,098	$2,010	+ 4.4

Source: OPEI

Dealers focus on commercial market

Increases in multi-family and commercial sites continue to feed the optimism of equipment manufacturers and dealers for 1986.

It was the consistent message at the 1985 Illinois-Wisconsin Lawnmower Dealers' meeting near Chicago. The day-long seminar gave equipment dealers information about business operations ranging from how to promote their companies to the trends in the commercial equipment market.

"The high cost of single-family housing is not likely to reverse. Those who can afford a traditional home are two-paycheck families with no time for lawn care. So, they're hiring local lawn maintenance companies to maintain their property. Either way it means an increased demand for commercial mowers," says Bob Olsen, president of Olsen Distributing.

For dealers, this growth means more emphasis on servicing commercial customers: matching their hours, prompt repair and parts replacement and complete repair facilities on the premises.

Attention also focused on the Japanese mower manufacturers' move into the commerical market here.

"Only in the last few years has the commercial mower market become attractive to Japanese manufacturers. They weren't interested in the intermediate market when sales volume was low. But now the figure has quadrupled, and they're interested," says Dane Scag, president of Scag Power Equipment.

The more than 100 dealers also viewed equipment demonstrations and previewed new models.

B&S hosts first component conference

In an effort to convey Briggs & Stratton's long-range plans to component suppliers, the company hosted the first Principal Component Supplier Conference. Briggs & Stratton's plans focus on excellence in quality and cost.

The one-day conference attracted 59 of 63 companies invited and included Allen Bradley, Champion Spark Plug Co., Globe Battery Division, Motorola, Inland Steel and United States Steel.

In his welcoming remarks, Walter O. Schneider, vice president, procurement, spoke of the company's continued emphasis on obtaining the highest quality component parts available.

Frederick P. Stratton, chief executive officer, addressed the need for improved quality and lower production costs in his comments and also spoke about the fiscal policies of the U.S. government since 1980. "The dollar has become very strong. It has made our prices less competitive," Stratton said. "The strength of the dollar versus the yen has given the Japanese manufacturers an opportunity in recent years; they have made the most of it."

Executive vice president George Senn spoke about supplier performance requirements while executive vice president Lavern Socks gave an overview of operations. A tour of the main engine producing plant and a reception were also part of the agenda.

Briefs

• Beaird-Poulan/Weed Eater recently introduced its newest product line, Yard-Pro premium brand trimmers/brushcutters to be marketed exclusively by outdoor power equipment distributors. Yard-Pro encompasses both heavy-duty consumer yard-care tools and commercial-duty tools.

• Jacobsen Division of Textron offers a new computerized service that scans its North American distributor network for hard-to-find parts and equipment. Called Trader Jake, the service can also be used to locate new or reconditioned machines, attachments and outdated accessories. The service is an extension of the REACT computer network that links the company and distributors for immediate order entry and processing.